... unites Ontario's municipalities

Report Series 1990

AMO FINANCIAL SURVEY DESCRIPTIVE REPORT

Impact of Provincial and Federal Policies on 1989 and 1990 Municipal Budgets

Association of Municipalities of Ontario

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MISSION STATEMENT

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We provide strategic leadership by:

- **developing and effectively promoting responsive quality policy**
- **informing and educating governments, the media and the public**
- **marketing innovative and beneficial services**

Our elected representatives, municipal officials and Association staff form a team which values and respects:

- **diversity and local autonomy**
- **fairness and equity**
- **consultation**
- **consensus**
- **co-operation**

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AMO FINANCIAL SURVEY
DESCRIPTIVE REPORT

Impact of Provincial and Federal Policies on 1989 and 1990 Municipal Budgets

EXECUTIVE SUMMARY

In May of 1989, AMO delivered a survey to Ontario municipalities in order to better understand the effect of provincial and federal programs on the municipal budget. The survey was mailed to some 700 municipalities across Ontario. In January of 1990, AMO had finished collecting and tabulating the data, and undertook the task of analyzing the responses.

The responses rate was near 10%, with 88 municipalities responding. Spatially, the geographic area covered by the respondents was substantial (see Map 1a and 1b, Appendix A), comprising most of the densely populated areas of the province.

The sample population totalled near 9.0 million persons, close to the 1986 census population for Ontario of 9.1 million. The sample collected on behalf of AMO has a slight urban bias. However this characteristic is generally representative of Ontario since most of the provinces 9.0 million persons live in major urban centres.

Of the programs covered in the AMO survey, environmental programs were found to have greater budget increases. Namely recycling, MISA, and waste management incurred the largest increases. Current cost increases are near $25 million. Project cost increases are expected to double to $50 million.

Municipal budget increases resulting from revenue loss, (flatlining unconditional grants) were also high. When combining all components related to revenue loss, it shows as one of the largest expenditure impacts of all programs covered in the AMO survey. This greater than average increase however, is largely due to a high degree of double counting.

Labour relation program increases totalled $15 million. Projected development costs will increase these program costs to $22 million in the upcoming fiscal (1990) period. Pay equity was responsible for over half of the increase in this program.

Results from the survey suggest that 1988 and 1989 provincial policies which have had the most impact are environmental issues, labour relation legislation and to a lesser degree, social service programs.

Provincial budget initiatives were found to be significant ($11 million), with upcoming increases perceived to be steady ($11.4 million). Federal budget initiatives have shown the greatest variation. The current federal program cost increases tabled at $3.8 million, and are expected to increase to $14 million.

INTRODUCTION

In May of 1989, AMO surveyed Ontario municipalities in order to better understand the effect of recent provincial and federal programs on the municipal budget. The survey was mailed to some 700 municipalities across Ontario. In January of 1990, AMO had finished collecting and tabulating the data, and undertook the task of analyzing the responses.

The response rate was near 10%, with 88 municipalities responding. Spatially, the geographic area covered by the respondents was substantial (see Map 1a and Map 1b, Appendix A), comprising most of the densely populated areas of the province.

This report is organized into nine sections. Sections one through eight discuss the different program categories used in the survey. Each section is comprised of two series of discussions. The general discussion includes an analysis of each question in the survey. The regional discussion analyses the geographic impact of the aggregated program costs. Maps are combined with regional data tables to help analyze the regional impacts of the each program. The aggregated data is discussed at both the current and projected levels. Section nine summarizes the survey results.

Data Preface

The tabulated data received looked to be in good shape with most of the key variables having fairly normal regional distributions. Noted exceptions were the population and household figures. The survey data tabulated the total population at 9,009,198, which is suspiciously close to the 1986 Ontario census population of 9,101,694. Households posed a much greater problem. The sample households totalled 9,016,136, which is close to the total number of households in Canada.

D.B. Communications received new household counts in March of 1990. These new figures were added to the survey database. Household and population are important in the development of predictive modelling. Budget information can be effectively predicted by household and population modelling.

The 1989 sample population totals 9,009,198 persons. The study sample is evenly distributed with 33% comprising smaller municipalities under 10,000 persons, while 30% is comprised of larger communities of over 100,000 persons. The remainder of the sample is distributed between these two points. The sample has a heavier emphasis on larger communities, which for the most part is representative of the province as a whole.

1. 1989 REVENUE LOSS

1989 Revenue Loss: flatlining the unconditional grant program.

Municipalities were asked to calculate their revenue shortfalls based on a 5% inflation level increase and on the application of the formula.

The reported revenue losses ranges from $24.6 million to $29.9 million. Using the 'unconditional grant program at 5%' with road grants flatlined, the reported revenue losses sum to $29.9 million. The 'formula basis' method combined with the flatlined roads grant total to $24.6 million in losses.

1.1 General Discussion

1.1.1 Unconditional Grant Programs

The pattern of revenue loss clearly follows the distribution of municipal population size with a wide range of variability in revenue loss at both the 5% or via the formula basis. In the sample, 23% report losses of $10,000 or less, and 40% report losses of over $100,000. A significant proportion (5%) of municipalities are reporting losses of revenue over $1 million with a maximum reported loss of $1.4 million. The average loss is approximately $210,000. Using the formula method the maximum loss is $1.9 million.

1.1.2 Roads Grant Flatlined

Municipalities were asked to calculate their subsidy shortfall from flatlining municipal roads grants on 1989.

The study sample is split in two groups in terms of road grant losses. Fifty per cent of the sample had losses under $30,000, with half of this group showing losses of only $10,000. Of those municipalities which reported losses of greater that $30,000, 20% had reported losses of greater than $1 million. Revenue loss from roads grants flatlined summed to $12.5 million, with an average loss of $250,000. The median loss was $40,000.

1.2 Regional Discussion

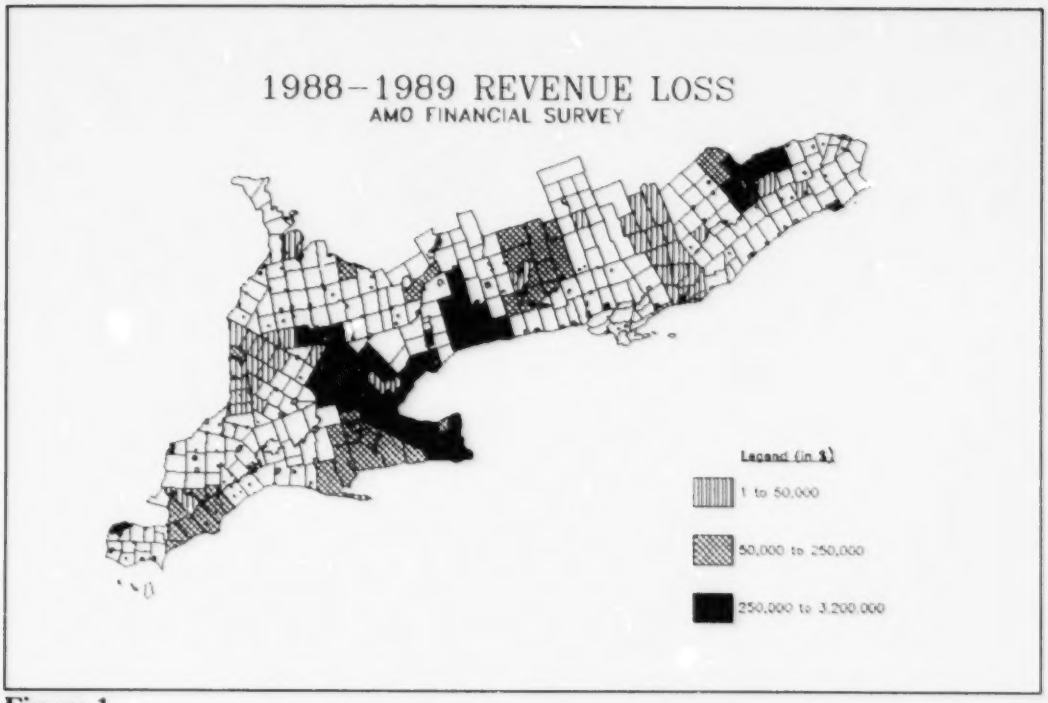


Figure 1
Reported Revenue Loss - Survey Page 2

Mean	479028.648	**Median**	107596.500	**Mode**	.000
Minimum	.000	**Maximum**	3200000.00	**Sum**	42154521.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	7680.700	20.00	20905.200	30.00	40510.400
40.00	69320.000	50.00	107596.500	60.00	221599.800
70.00	388977.300	80.00	635200.000	90.00	1906836.600

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	14152794	2021827.71	7
	City	21615928	745376.83	29
	County	1509965	215709.29	7
	Town	4013036	222946.44	18
	Township	780627	35483.05	22
	Village	82171	16434.20	5

Reported revenue loss from flatlining the unconditional grant program and the road grant program clearly has had a greater impact on the regions than any other level of geography (tabled data, page 3). On average, the regional municipalities revenue loss was almost three times more than that experienced by cities and ten times more than counties and towns. It should be noted that counties and towns were very similar in terms of revenue loss.

The geographic distribution (page 3, Figure 1) of these attributes corresponds very closely to the revenue loss tables shown above. The higher concentrations of revenue loss are found in the urban areas in and around the south-central Ontario area. This includes the Niagara Region, Kitchener-Waterloo, Toronto, parts of Durham region, and the Ottawa area. Revenue loss tends to decrease with increasing distance from this central hub.

Revenue loss when expressed as a percentage of the 1989 Municipal Budget indicates that the average loss was 0.0161. Regional municipalities, cities, towns and villages follow this general pattern. Townships displayed a greater loss with 0.023 average loss while counties were significantly higher with an average loss of 0.030. Thus, as an average (tabled data, page 3), revenue loss was substantially an urban phenomenon. When the data is expressed as a percentage of the 1989 Municipal Budget, it is the fringe elements (counties and townships) that are found to be hardest hit.

2. 1988 PROVINCIAL BUDGET: SALES TAX

The 1988 provincial budget section of the survey is comprised of two questions. The first question queries the costs of sales tax increases, the second queries gas tax increases. Combined, the tax increases sum) $11 million, with the sales tax portion accounting from almost 90%.

2.1 General Discussion

2.1.1 Provincial Retail Sales Tax Increases

The effect of sales tax increases is varied dichotomously across the sample. This is evident by the fact that 10% of the sample have experienced an increase of only $1000. On the other side of the continuum, 10% incurred costs of over $250,000. One quarter of the municipalities had increased costs of over $100,000.

Net increase in costs due to sales tax increases are reported to be near $9.3 million, with an average increase in cost of $120,000. The median cost increase was $30,000.

2.1.2 Gas Tax Increases

Increases due to gas tax totalled $1.6 million. The average cost increase was $22,000. The median loss was however $2,000 indicating that most losses tended to be smaller rather than larger. Almost 80% of the sample had increases due to this tax of under $10,000, with half of this group having losses of under $1,000.

2.2 Regional Discussion

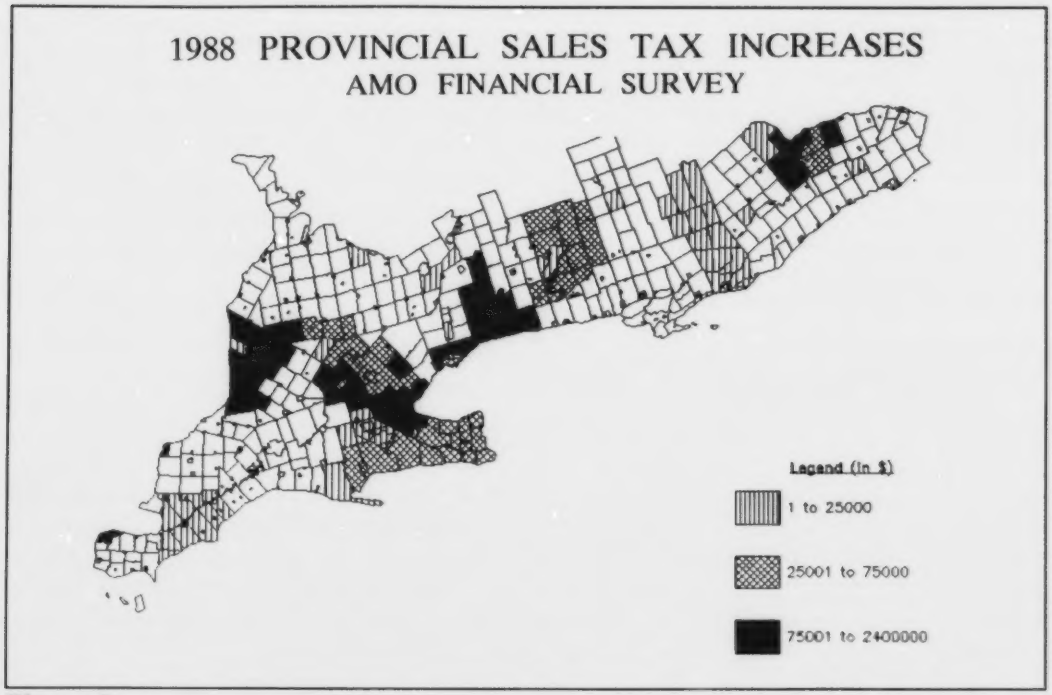


Figure 2
Reported 1988 Provincial Budget - Page 2

Mean	124102.534	**Median**	26000.000	**Mode**	.000
Minimum	.000	**Maximum**	2400000.00	**Sum**	10921023.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	524.000	20.00	1362.600	30.00	5335.000
40.00	10740.000	50.00	26000.000	60.00	40796.000
70.00	57458.700	80.00	119300.000	90.00	272840.500

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	4384360	626337.143	7
	City	4843162	167005.586	29
	County	320619	45802.714	7
	Town	1212978	67387.667	18
	Township	155727	7078.500	22
	Village	4177	835.400	5

Sales and gas tax increases display predicted distributions with regional municipalities accounting for the highest average increase followed by cities (tabled data, page 6). Unexpectedly however, towns reported a substantially greater average increases than counties (by approximately $20,000).

When analyzing the 1988 Provincial Budget distributions as a percentage of the 1989 budget, the mean tax increase was 0.003 (under 0.3%). Regional municipalities, counties and townships were fairly close to sample mean.

Cities, towns and villages were significantly different. Towns were found to have a substantially higher proportion of their budget allocated to sales and gas tax increases. In fact, the sampled towns are devoting 35% more of their budget towards these taxes than counties (counties are the second hardest hit by these tax increases). While the mean figures are small, one should note that towns are paying substantially higher dollars due to gas and sales tax increase. An abnormal increase of these costs will have a profound effect on municipal towns.

Figure two (page 6) indicates that the pattern of provincial tax increases is still centred around the Oshawa, Toronto, Hamilton, and Niagara areas. The western portions of Southern Ontario namely Huron County, Kitchener-Waterloo, Brant County and Brantford report higher levels of tax increases. The areas of Haldimand-Norfolk, Guelph and Wellington report moderate increases. The Ottawa area shows higher tax effects near the city centre, which decrease to the north-west, and increase to the south-east.

3. 1989 PROVINCIAL BUDGET: TAX CHANGES

The costs of the '1989 Provincial Budget' programs came to $850,362. Fuel tax accounted for 64% of this expenditure, with the remaining 36% being evenly split between tire tax, loss of pesticides exemptions, motor vehicle license costs and other programs.

3.1 General Discussion

3.1.1 Fuel Tax Increase

The net effect of the fuel tax increase over all the responding municipalities is $550,000, with an average fuel increase cost of $6,800. Most of the sample however, had experienced increases much lower that the reported average since almost 80% of the sample had increases under $7,800. It appears likely that the typical fuel tax increase is near $2,000.

3.1.2 Five Dollar Tire Tax

The 5% tire tax has increased costs to the municipalities by $81,570. Generally, the increase was minimal with 76% of the sample having a net increase of under $1,000. Half of the sample had increases of only $250.

3.1.3 Pesticides and Fertilizers

Removal of the sales tax exemptions for pesticides and fertilizers had little effect since 66% of the sample did not respond. Of those responding, 60% had costs of under $1000. In only one case was the removal of this exemption noticeable, reporting a cost of $20,000.

Removal of this exemption has cost the municipalities a total of $61,000 with an average cost of $2,000, and a median cost of $500.

3.1.4 Motor Vehicle License Increase

As in the case of pesticides and fertilizers, motor vehicle license increases where not generally viewed as a great expense. Fifty of the sample reported cost increases under $200. The sum of this increase over all the municipalities is $67,173. Thirty per cent of this cost was dominated by only two municipalities. The average increase is approximately $1,000, with a median increase of $200.

3.2 Regional Discussion

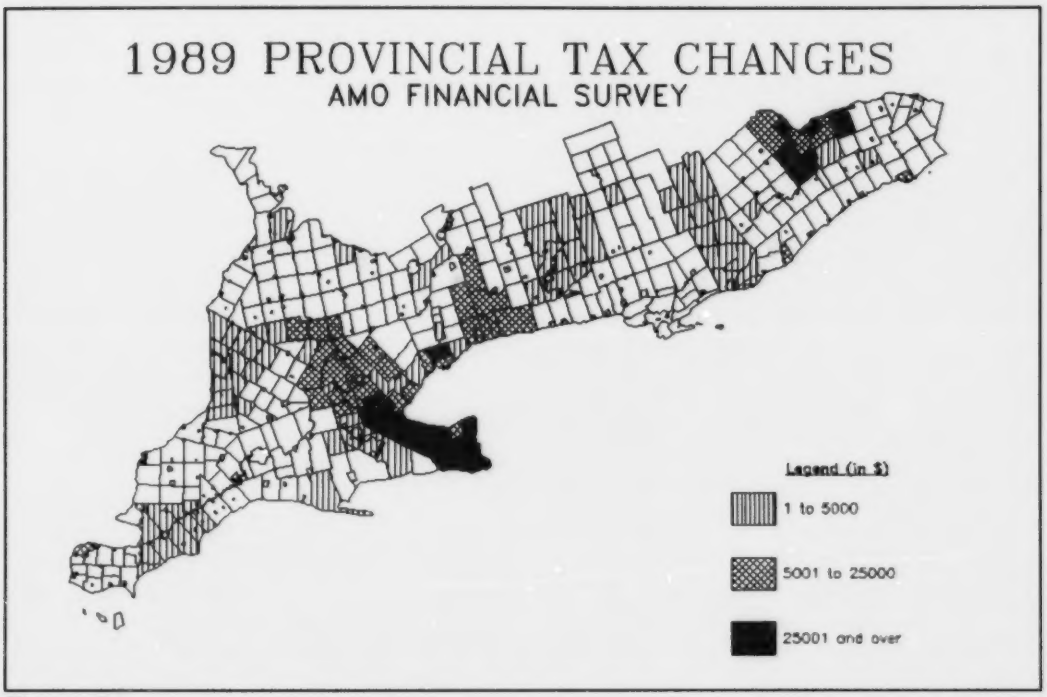


Figure 3
Reported 1989 Provincial Budget - Page 2

Mean	9663.205	**Median**	2030.000	**Mode**	.0
Minimum	.000	**Maximum**	155500.000	**Sum**	850362.000

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	134.400	20.00	344.000	30.00	639.800
40.00	1169.000	50.00	2030.000	60.00	3745.600
70.00	8195.000	80.00	13614.400	90.00	24470.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	375150	53592.8571	7
	City	399037	13759.8966	29
	County	15544	2220.5714	7
	Town	22504	1250.2222	18
	Township	37669	1712.2273	22
	Village	458	91.6000	5

The cost of the 1989 Provincial Budget was minimal, especially in the smaller municipalities (table summary, page 9). The sample mean of $9663.21, is substantially lower than the mean cost found in cities and regional municipalities. The 'urban effect' is quite clear in this case where the regions have increases in the area of $55,000, while villages have mean costs of under $100. From the above table, it can be surmised that these costs apply only to cities and regions, and have little effect on lower levels of municipal government.

Figure 3 (page 9) depicts those areas which incurred the higher costs from the 1989 Provincial Budget. Noteworthy are municipalities in the Niagara area, North Toronto, and the Ottawa-Carleton area. The remainder of south-central Ontario was moderately effected, with the surrounding areas showing little effects.

From the Appendices, we find that scaling 1989 Provincial Budget costs, shows a mean increase of 0.0013 (about .1% of the budget). It is important to note however, that all the levels of municipal government were actually well under the 1% figure while townships incurred costs of 5%. Clearly, fuel tax increases and the removal of several tax exemptions had a significant effect on the municipal townships. It is worth noting that while the townships had a high proportionate effect, this effect did not occur in the villages. Villages had the lowest net effect due to these tax increases.

3.3 Projected 1989-90 Provincial Budget Costs

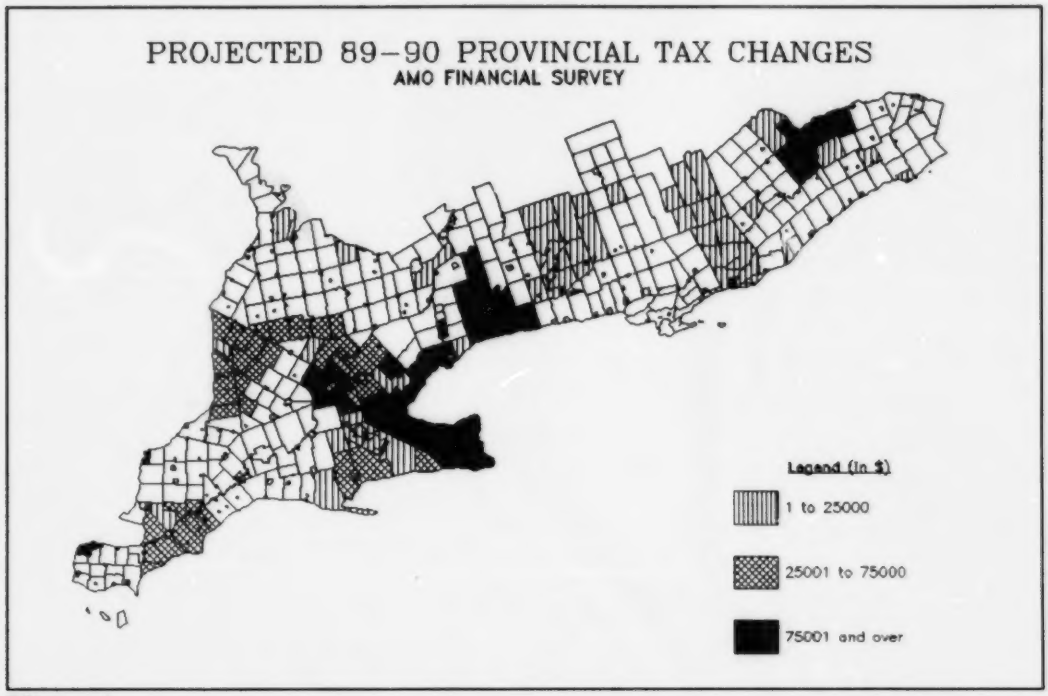


Figure 4
Reported 1990 Provincial Tax Increase - Page 7

Mean	129451.432	**Median**	14701.000	**Mode**	.000
Minimum	.000	**Maximum**	1915680.00	**Sum**	11391726.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	36.000	20.00	760.000	30.00	2270.000
40.00	6326.400	50.00	14701.000	60.00	29430.000
70.00	63310.000	80.00	182200.000	90.00	404130.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	3402000	486000.000	7
	City	7416744	255749.793	29
	County	181204	25886.288	7
	Town	323082	17949.000	18
	Township	65934	2997.000	22
	Village	2762	552.400	5

Projected 1989-1990 provincial budget increases are centred in the Golden Horseshoe area. The highest increases occur in the Niagara, Kitchener-Waterloo, Hamilton, Toronto, and Oshawa areas, with outliers in Sarnia, Windsor and Ottawa (Figure 4, page 11).

The table (page 11) indicates that these increases have an inverse relationship to the size of the municipality. For example, regional municipalities have a higher average cost than do the counties, and counties incur greater increase than townships and so on.

The scaled data as shown in the Appendices generally indicates that all levels of geography are effected equally (sample mean of 0.002).

4. 1989 FEDERAL BUDGET: SALES TAX INCREASES

The '1989 Federal Budget' increases cost the sampled municipalities $3.8 million. Most of the costs are incurred by the federal sales tax increases (90%). The gas tax increases account for about 10% of the federal budget increases. Other federal budget increases account for under 1% of increased costs.

4.1 General Discussion

4.1.1 Gasoline Tax Increases

As in the case of the provincial gas tax, the increase in cost of federal gasoline tax is substantial in only some cases. Taken across the entire sample however, the increase is relatively minor. To illustrate this point, 30% of the sample had increases of under $500. Fifty per cent of the sample had increases under $2,000. Only 13 per cent incurred substantial increases of over $10,000. In one case the increase was as high as $70,000. Increases in sample costs due to this tax total $360,000 with a median (and mode) cost of $2,000. The average increase was near $5,000.

4.1.2 Federal Sales Tax

The costs compiled from the federal sales tax increases (FST) were $3.5 million. The bulk of this expense was found in the upper quintile (upper twenty percentile, 80%-100% grouping) whose cumulative FST expense was $2.7 million. This translates to 80% of the FST net municipal increase. It is interesting to note that 30% of the sample had an FST increase of only $1,000, and 50% had increases of under $8,000. Clearly, the impact of the F.S.T has been incurred by the larger municipalities.

4.2 Regional Discussion

A regional analysis of the '1989 Federal Budget' yields the following tables:

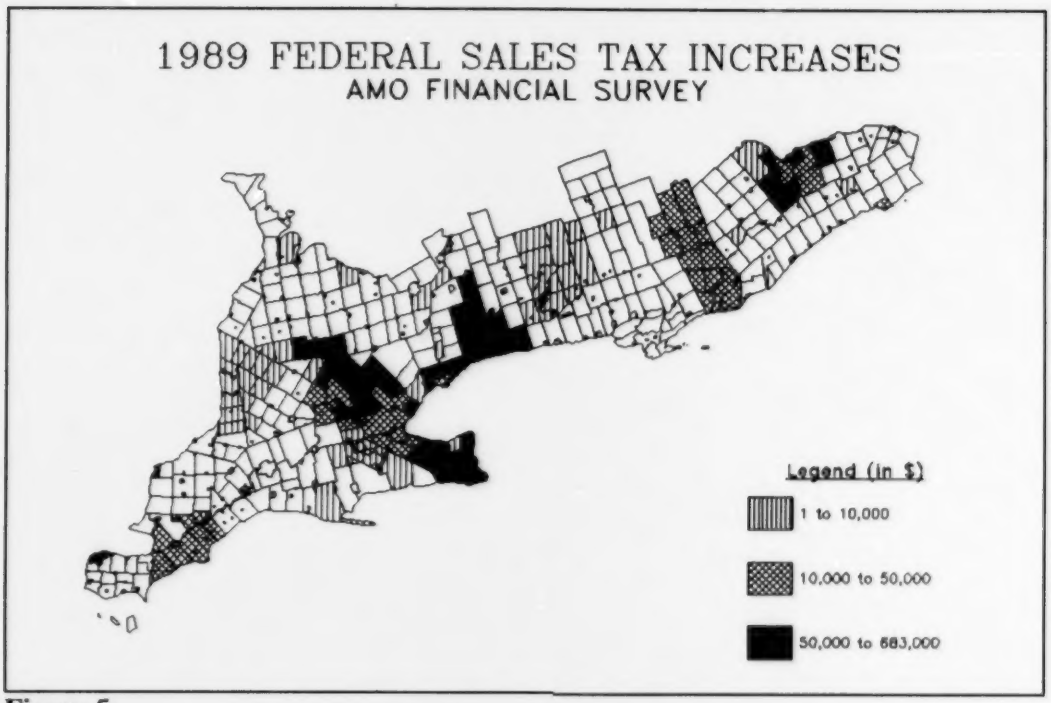


Figure 5
Reported 1989 Federal Budget - Survey Page 3

Mean	42951.409	**Median**	6425.000	**Mode**	.0
Minimum	.000	**Maximum**	683000.000	**Sum**	3779724.00

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	48.700	20.00	516.000	30.00	1429.500
40.00	3000.000	50.00	6425.000	60.00	15200.000
70.00	22258.700	80.00	48787.200	90.00	119350.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	492000	70285.714	7
	City	2936448	101256.828	29
	County	98856	14122.286	7
	Town	181628	10090.444	18
	Township	68864	3130.182	22
	Village	1928	385.600	5

Sales and gas tax increases display predicted distributions with regional municipalities accounting for the highest average increase followed by cities.

The total cost of the 1989 Federal Budget came to $3.8 million (tabled summary, page 14). The urban areas have incurred the largest proportion of this expense. The regional analysis indicates that regions and cities incurred significantly greater costs with these taxes than any other level of municipal government.

The table (page 14) shows that cities had a substantially greater mean cost that any of the regions. Indeed, the mean cost for the cities was over $100,000, $30,000 greater than that of the regional municipalities. From the county level and lower, the costs were considerably less (under $15,000). In the cases of townships and villages, these costs were almost insignificant.

The scaled table of the 1989 Federal Budget further indicates the low impact of this tax on the regional municipalities. The sample mean was 0.0014 (near 1%), and the mean of the regional municipalities was 0.00029 (or .03%). Proportionately, this federal tax had the greater effect on towns, the mean being near 0.002 (or 2% of the 1989 municipal budget).

Figure five (page 14) graphically displays the urban content of this tax. The areas of higher impact are in the Toronto, Oshawa, Guelph, Kitchener, Niagara areas. Moderate costs radiate from these areas of higher impact. Two anomalies are found in the Peterborough and Frontenac areas, which display unusually low and high impacts respectively. The Ottawa area has the same general pattern of higher costs within the city proper, but displays lower costs in the northern area and moderate costs in the south-east area.

4.3 Projected 1989 Federal Budget Costs

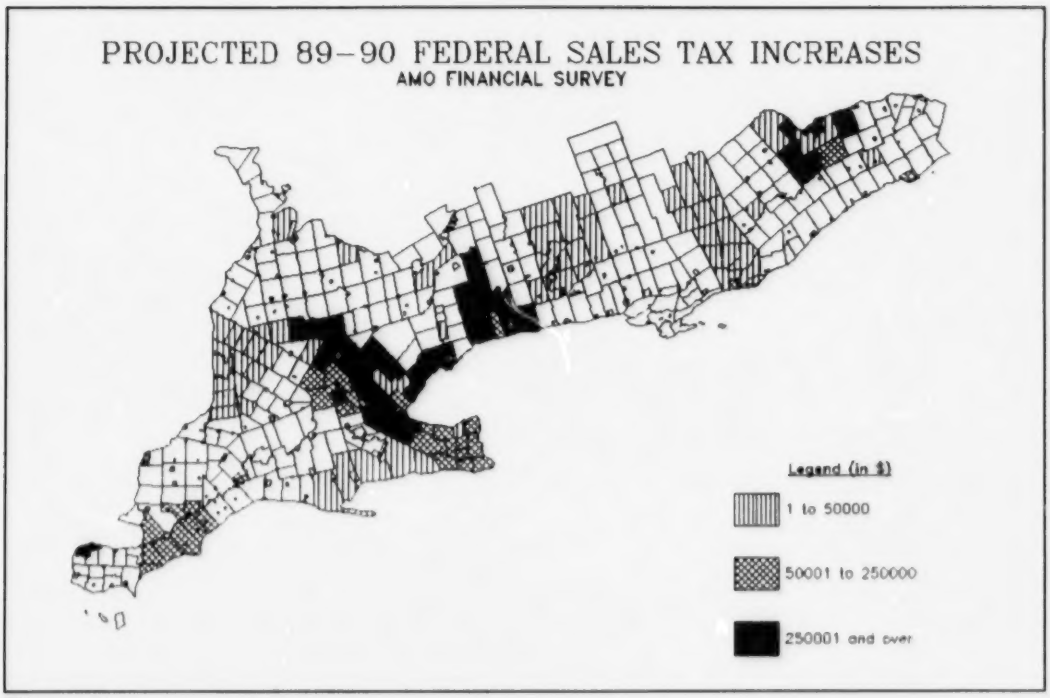


Figure 6
Reported 1989 Estimated Budget - Survey Page 8

Mean	160478.727	**Median**	20750.000	**Mode**	.000
Minimum	.000	**Maximum**	1793000.00	**Sum**	14122128.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	1000.000	30.00	3000.000
40.00	7996.800	50.00	20750.000	60.00	47800.000
70.00	119798.800	80.00	241760.000	90.00	390900.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	Cases
	Region	3632900	518985.714	7
	City	9417093	324727.345	29
	County	427195	61027.857	7
	Town	503720	27984.444	18
	Township	139010	6318.636	22
	Village	2210	442.000	5

The projected 1989 Federal Budget increases came to $14.1 million, with an average cost approximately $160,000 (tabled summary, page 16). The regional distribution of the average cost increases proportionally to the level of municipal government, with villages having an average cost of $400, and regional municipalities having an average cost of $500,000.

The scaled data has a mean of 0.004 (about 4% of the 1989 Budget). Most municipalities fall very close to this figure. Villages were lower than the average, having a mean value of 0.0004.

Figure six (page 16) shows interesting geographic results with the Haldimand-Norfolk and Peterborough areas displaying lower increases than anticipated. The Ottawa area also shows lower results than expected. Most of the remaining municipalities follow expected patterns.

5. LABOUR RELATIONS

'Labour relations' program increases amounted to $15.3 million. Over half (57%) of the costs were allotted to the Pay Equity program. The WHMIS program also accounted for a substantial proportion (25%) of the program cost.

5.1 General Discussion

5.1.1 Pay Equity

The Pay Equity program has cost the municipalities responding (73) almost $9 million.

Over 50% of these sampled have paid more than $50,000, another 14% with an expenditure of greater than $250,000. Two percent of the sampled municipalities had paid more than $1 million. The median cost is approximately $30,000, with the average cost being $120,000. It can be illustrated that pay equity is an issue that is taken seriously by most of the municipalities (17% not responding).

5.1.2 OMERS

Less than 50% of the sample had responded to this in the survey. The total cost of the sampled municipalities to OMERS is $900,000, with an average cost of $20,000. In most cases, the contribution is under $10,000 (almost 70%), with only four of the sampled municipalities reporting contributions of over $80,000 (7%).

5.1.3 WHMIS

The sampled municipalities have payed approximately $3.8 million for the WHMIS program. Approximately 25% of the sample had costs under $1,000, and the upper 25% have costs over $30,000. The average cost associated for this program was $50,000. The median cost was near $6,500, suggesting that the costs tend to be on lower side. Removing the upper and lower quartiles, the average cost is between $7,000 - $9,000.

5.1.4 Firefighters Gear

Only a 40% of municipalities surveyed responded to this expenditure. Of those responding, the total cost for firefighters gear is near $1.5 million, with an average expenditure of $44,000. Reviewing the distribution of frequencies, a large number of municipalities responded with small expenses for this program. A smaller but more significant group responded with much larger expenses. In total, 18% municipalities had expenditures over $100,000, and 53% of the municipalities had expenditures under $10,000.

5.2 Regional Discussion

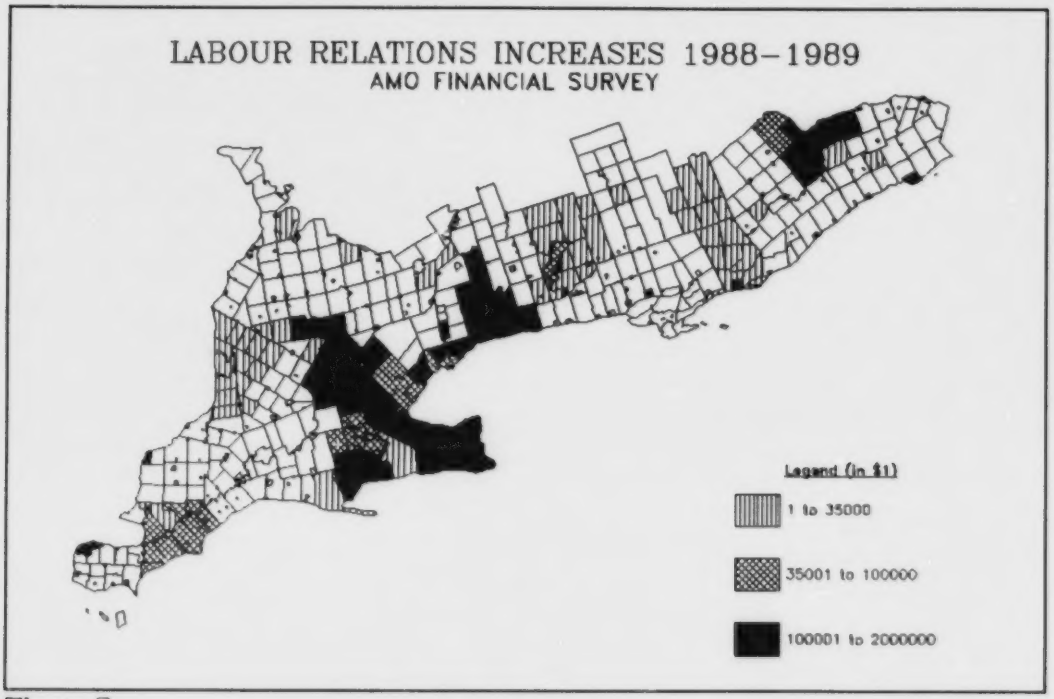


Figure 7
Reported Labour Relations Increase - Page 3

Mean	174122.727	**Median**	49050.000	**Mode**	.000
Minimum	.000	**Maximum**	2000000.00	**Sum**	15322800.0

Percentile	Value	Percentile	Value	Percentile	Value
10.00	2090.000	20.00	5461.400	30.00	8580.000
40.00	24700.000	50.00	49050.000	60.00	78400.000
70.00	121500.000	80.00	262100.000	90.00	457040.000

Analysis by Regions	Geography	Sum	Mean	Cases
	Region	4009000	572714.289	7
	City	9845534	339501.172	29
	County	318762	45537.429	7
	Town	828317	46017.611	18
	Township	290242	13192.818	22
	Village	30945	6189.000	5

Labour relations programs have cost approximately $15 million more in the 1988-1989 period (tabled summary, page 20). The average cost was near $175,000, with a maximum expenditure of $2 million.

Labour relations costs are clearly separated into three levels of expenditures. The urban centres have the highest expenditures (regional municipalities with $572,000 and cities with $340,000), followed by counties and towns with moderate expenditures. Finally townships and villages have the lowest expenditures. While the data offered no real surprises, it is interesting to note that the counties and towns had almost identical average labour relation increases.

Figure seven (page 20) illustrates the urban element of the labour program costs. All the urban centres are depicted as having high labour increases, the only exceptions being East York, Halton and Brantford. Instead, these areas are all moderately effected by labour relations legislation, falling into the $35,000 to $100,000 category. Two anomalies exist: the Haldimand and Peterborough which both reveal surprisingly low labour relation program increases.

5.3 Projected Labour Relation Program Costs

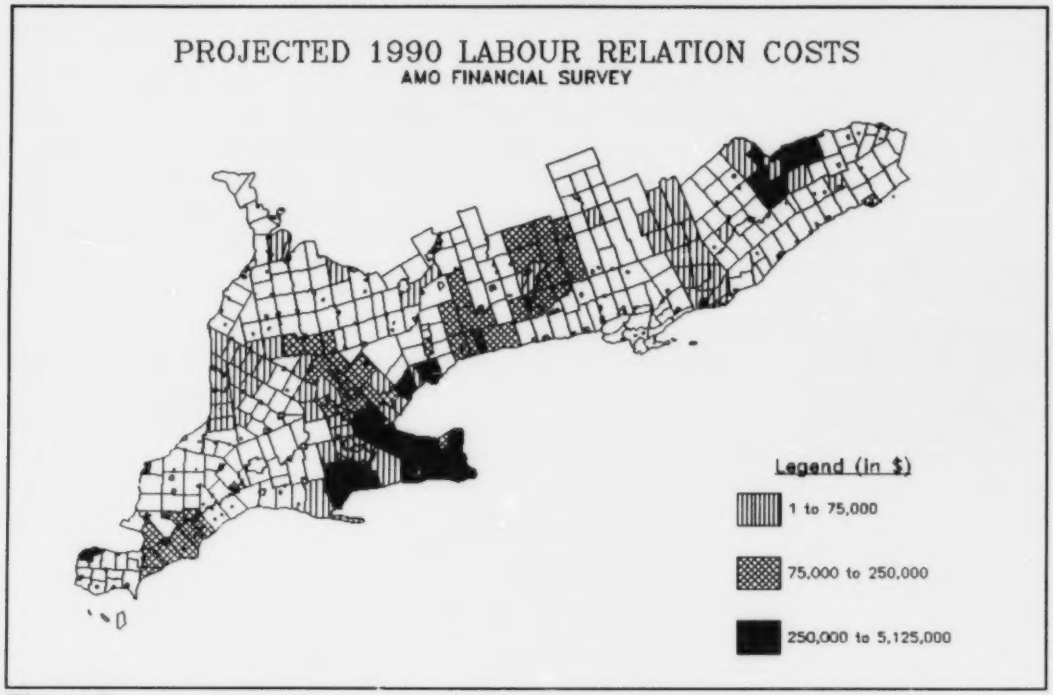


Figure 8
Reported Estimated Labour Relations Costs - Page 8

Mean	246566.591	**Median**	51000.000	**Mode**	.000
Minimum	.000	**Maximum**	5125000.00	**Sum**	21697860.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	2580.000	30.00	6175.000
40.00	25000.000	50.00	51000.000	60.00	85000.000
70.00	137900.000	80.00	219870.400	90.00	614040.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	5603800	800542.857	7
	City	14313052	493553.517	29
	County	558505	79786.429	7
	Town	986286	54793.667	18
	Township	222867	10130.318	22
	Village	13350	2670.000	5

The total cost of projected 1990 labour relation program increases for the sample is near $22 million (tabled summary, page 22), with an average increase of $250,000. The regional analysis follows expected geographic motif with the average costs of the program increasing proportionally to the level of municipal government.

Spatially, the distribution follows the tabled results (Figure 8, page 22). Noticeable exceptions are the lower program costs reported in the periphery areas of Haldimand and Brant counties, along with areas near Burlington, Mississauga and Brampton.

The scaled increase mean is near 0.006 (about 0.6%). On average, counties are well over the sample mean (0.01), while villages and townships are slightly under the sample mean (0.004). Correspondingly, counties are expecting to pay more for these programs in 1990 then their other municipal counterparts.

6. TRANSPORTATION

Transportation programs had a total increase of $1.4 million. The disabled transit program accounted for 61% of this, with the 'air brake certification' program accounting for the remaining 39%. Both programs had only a handful of municipalities reporting program implementation.

6.1 General Discussion

6.1.1 Air Brakes

Only 40% reported any expenditures due to air brake certification. Of those reporting, the total air brake certification expenditure is $535,000. The maximum reported expenditure was near $80,000.

6.1.2 Disabled Transit

Disabled transit expenditure was found in only 7% of the municipalities, with a sum total of $838,000. The majority of this expense was found in Toronto which a contribution of $700,000.

7. SOCIAL SERVICE OVERVIEW

The following is a brief overview of the Social Service increases incurred by the sampled municipalities.

Approximately $10.3 million more has been spent by municipalities in 1989 to provide residents with social services. Of these services, the most costly program were GWA rate increases ($5.1 million), followed by community support programs ($2.6 million) and social assistance reform increases ($928,000).

Social reform increases are summarized below:

* GWA	$ 5,100,000
* Spouse in house	$ 605,000
* Community Support	$ 2,600,000
* Day Care	$ 620,000
* Homes for the aged	$ 431,000
* 1989 Social reforms	$ 928,000
Total Social Costs	$ 10,284,000

7.1 General Discussion

7.1.1 GWA

Only 29% of those municipalities surveyed responded to this program. Of those responding, 40% had increases of under $20,000 (20% under $10,000). The costs of this program grow substantially for the remaining 60% of respondents who report increases of $50,000 or greater. Fifteen percent of those responding had costs of greater than $250,000. The average program increase was $197,000, with a median increase of $50,000.

7.1.2 Spouse in House

This program was not generally implemented, at least not in the surveyed municipalities (15% response rate). Costs generally are split into two groups: the first spending less than $10,000 more on the program (54% of respondents), and the second group generally spending over $25,000 to $60,000 more.

The average program cost increase was $46,500, with a median cost of $10,000. The maximum expenditure increase on this program was $235,000.

7.1.3 Community Support

Only a small number of municipalities reported growing contributions to this program (13% responded). Of those responding, eighty per cent had contributed up to $50,000 more. One municipality reported a significant contribution ($2,150,000). The average community support subsidy was $239,000, with a median subsidy of $23,000. The minimum amount of support was $1,500.

7.1.4 Day Care

Day care was supported by only 10% of responding municipalities. This support can be split into 3 groups: low, medium and high. The average increase for support of day care in the low group was near $3,600. The medium group averaged near $41,000. The high group averaged close to $225,000. Overall, the average increase in support was $68,000 with a median of $25,000. The maximum growth in support was $250,000.

7.1.5 Homes for the Aged - Cap on Funding

Capping this support has cost 10% of the sample $431,000. As in the case of the day care programs, support varies in three distinct groups. In the case of low support, the average cost was $6,000. The medium group had an average cost of $24,250. The high group had costs averaging $110,000. Average increase is $50,000, with the median increase calculated at $30,000. The maximum increase was $150,000.

7.2 Regional Discussion

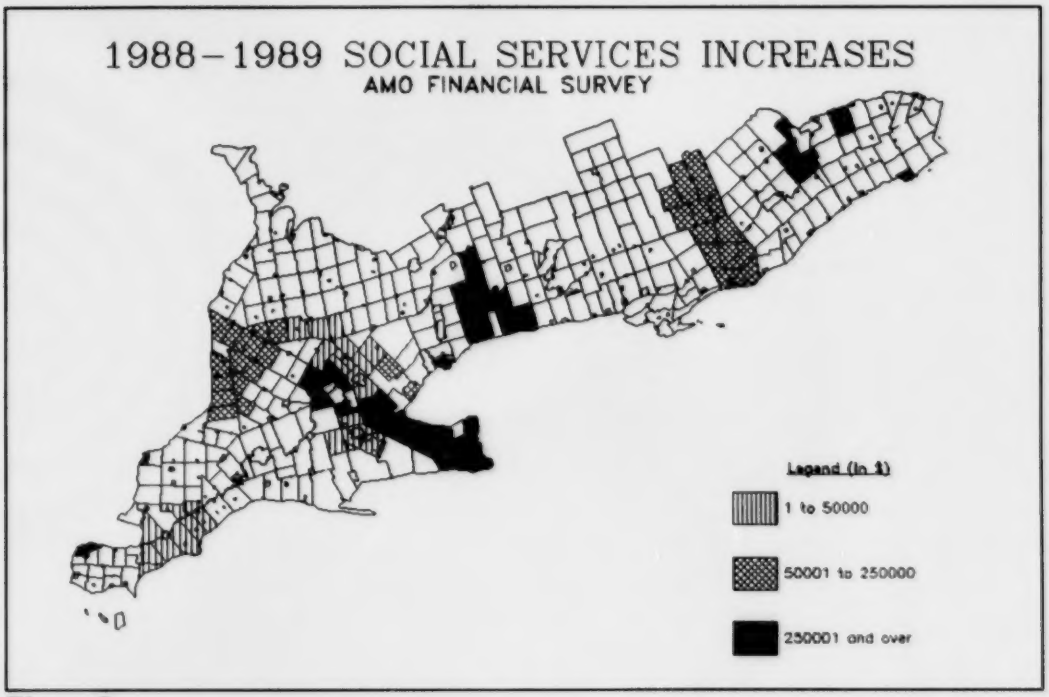


Figure 9
Reported 1988 Social Service Increase - Page 3

Mean	117726.625	**Median**	.000	**Mode**	.000
Minimum	.000	**Maximum**	2535000.00	**Sum**	10359943.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	.000	30.00	.000
40.00	.000	50.00	.000	60.00	880.000
70.00	17780.000	80.00	68635.000	90.00	318268.700

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	5475317	782188.143	7
	City	4511806	155579.517	29
	County	244575	34939.286	7
	Town	89345	4963.611	18
	Township	36400	1654.546	22
	Village	2500	500.000	5

Social service programs costs were met with a poor response across the sample. However, the final distribution provided interesting results.

From the table above (tabled summary, page 27), it is evident that the distribution of social service increases is again prevalent in the urban areas. Clearly regional municipalities have the largest average growth in social services, followed by cities. The net difference between these two average increases however, was near $630,000, indicating this program had more cost impact on the very large municipalities.

County averages ranged in the mid to low end of the social service costs. From the town level of government and lower, these costs became insignificant (see Figure 9, page 27).

The urban areas of southern Ontario fall into the high cost category of $250,00 to $2.5 million more. These areas include the Niagara region, Kitchener-Waterloo, Sarnia, Toronto proper and the Oshawa-Pickering-Ajax area, Kingston, and to a lesser extent, the Ottawa area and Brockville. The counties of Halton, Frontenac and Huron showed moderate costs, and the remainder of southern Ontario had low costs.

The scaled data in the Appendices, depicts the same pattern. Regional municipalities, cities and counties applied a large portion of their budgets to social service programs, where the other areas are well under 1%.

7.3 Projected 1990 Social Service Program Increases

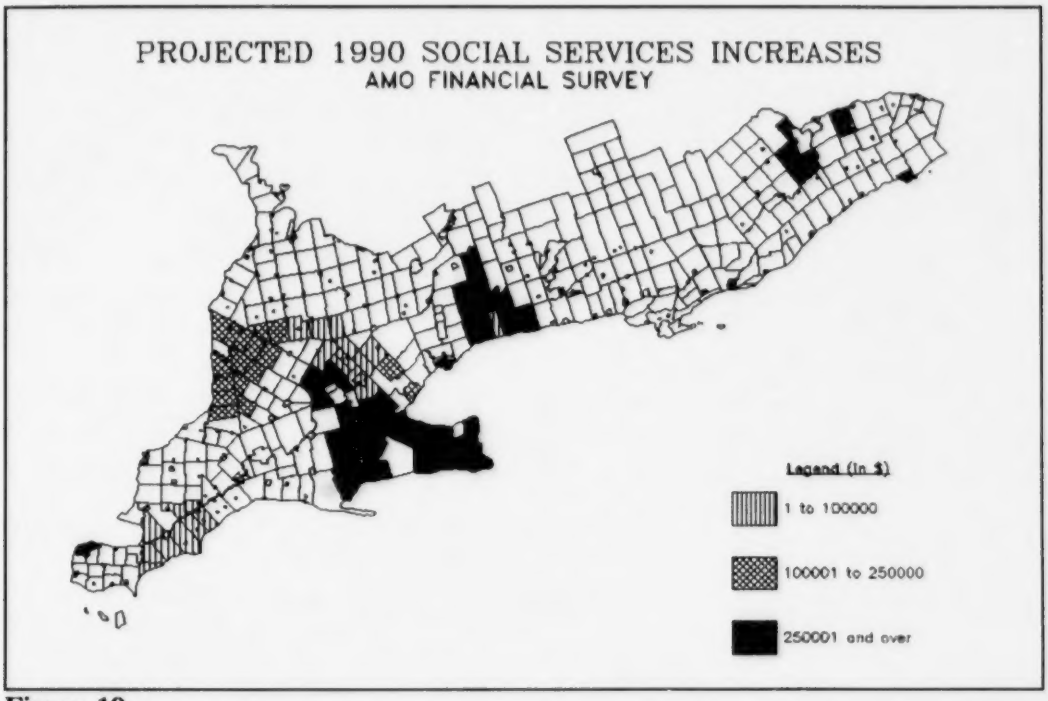


Figure 10
Reported 1989 Estimated Social Service Increase - Page 8

Mean	236092.489	**Median**	.000	**Mode**	.000
Minimum	.000	**Maximum**	6145000.00	**Sum**	20776139.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	.000	30.00	.000
40.00	.000	50.00	.000	60.00	.000
70.00	1748.000	80.00	124380.000	90.00	805780.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	10654400	1522057.14	7
	City	9340699	322093.07	29
	County	733600	104800.00	7
	Town		.00	18
	Township	45440	2065.46	22
	Village	2000	400.00	5

Projected social service program growth for 1990 came to approximately $21 million, with an average increase of $240,000 (tabled summary, page 29). The regional analysis indicates that these programs are not equally distributed across all the regions. For the most part they are isolated to the county level or higher. The scaled results shown in the Appendices indicate that as a proportion of the 1989 total budget, the regional municipalities will devote a larger share of their budgets to these programs compared to all other levels of municipal government.

Figure ten (page 29) indicates the projected program growth is perceived to be highest in the central south-west areas of Niagara and Haldimand-Norfolk and Kitchener with smaller concentrations are found in the Toronto area. The area extending from Oshawa to Lindsay also projected higher costs as a result of this program.

8. 1989 ENVIRONMENTAL PROGRAM INCREASES

The cost increases incurred on behalf of the municipalities for environmental programs came to $25 million. The overall growth can be summarized as follows in order of most costly to least costly:

Recycling	$9,800,000
MISA (1989 Budget)	$4,500,000
Waste Management Plan	$3,400,000
Landfill Site Regulation	$2,600,000
EA Project Costs	$2,500,000
Gas Storage	$1,100,000
Disposal of Road Sweepings	$ 750,000

8.1 General Discussion (as listed in survey)

8.1.1 MISA (1989 Budget)

Approximately 20% of the municipalities surveyed take part in this program. The average costs of the program was $271,000, with a median costs of $20,000. Breaking down MISA expenditures into categories, the expenditures can be listed as follows:

MISA Budget $ 1 - $ 5,000 : 41 %

$ 10,000 - $100,000 : 30 % (Median Group)

$ 110,000 - $650,000 : 18%

$1,000,000 and over : 12%.

8.1.2 Road Sweepings

Of those municipalities surveyed, 32% incurred costs for this service. The average cost for this service was $27,000, with a median cost of $10,000. The sample is best analyzed when split into four expenditure groups. These four groups are listed as follows:

Low cost	$ 100 - $ 5,000 : 29%
	$ 6,000 - $ 10,000 : 36%
	$11,000 - $ 45,000 : 21%
High Cost	$86,000 - $150,000 : 14%.

8.1.3 Gas Storage

Gas storage costs were reported by 25% of the sample. The distribution of responses was fairly uniform, with 41% of those reporting costs of under $25,000. Another 41% reported costs from $25,000 to $95,000. The remaining 18% reported costs of over $100,000.

The total costs of gas storage was $1.2 million, with an average cost of $54,000, and a median cost of $30,000. The maximum gas storage expenditure was $220,000, and the minimum expenditure was $1,000.

8.1.4 Waste Management Master Plans

Only 27% reported expenditure growth for this program. Increases vary, clearly influenced by the size and density of the sub region. General distributions are:

Low Cost	$ 1 - $ 15,000 : 25%
	$ 20,000 - $ 50,000 : 25%
	$ 75,000 - $130,000 : 25%
High Cost	$200,000 - $700,000 : 25%.

The average municipal increase was $140,000 with the median cost being $62,500. As indicated by the median, this program was a relatively expensive undertaking. The minimum increase was $2,500 with a maximum of $700,000.

8.1.5 Landfill Sites

Being a specialized item, the expenses were incurred by 17% of the sample. Costs are again driven by municipal size and need. The distribution of cost increases listed as follows:

Low Cost	$ 5,000 - $ 18,500 : 33%
	$ 20,000 - $ 50,000 : 33%
High Cost	$100,000 - $1,150,000 : 33%.

The median increase was $33,000 with the minimum expenditure increase being $5,000. The average was $175,000, with a maximum charge of $1,150,000.

8.1.6 EA Costs

One third of the sample reported EA expenditure increases. EA costs tend to vary on the nature of each project for each municipality. Hence EA costs are not always reflected by the size of the municipality, although larger municipalities will likely have a greater number of projects.

Of those reporting, 38% had a growth of under $25,000, with 20% incurring increases from $25,000 to $50.000. Another 25% reported expenditure increases of over $100,000. The average growth was $95,000 with the maximum expenditure increases listed at $400,000. The median expense was listed at $32,500 with a minimum expenditure of at $5,000.

8.1.7 Recycling

Recycling was operating in half the sample and costs increases vary significantly. The distribution is listed below:

Low Cost	$ 1,000 - $ 5,000 : 20%
	$ 10,000 - $ 26,000 : 30%
	$ 30,000 - $ 158,000 : 23%
	$ 250,000 - $ 900,000 : 22%
High Cost	$1,200,000 - $3,300,000 : 5%.

The median increase was near $30,000, with the minimum expenditure being $1,000. The maximum expenditure was near $3.3 million, with the average cost being near $225,000.

8.2 Regional Discussion

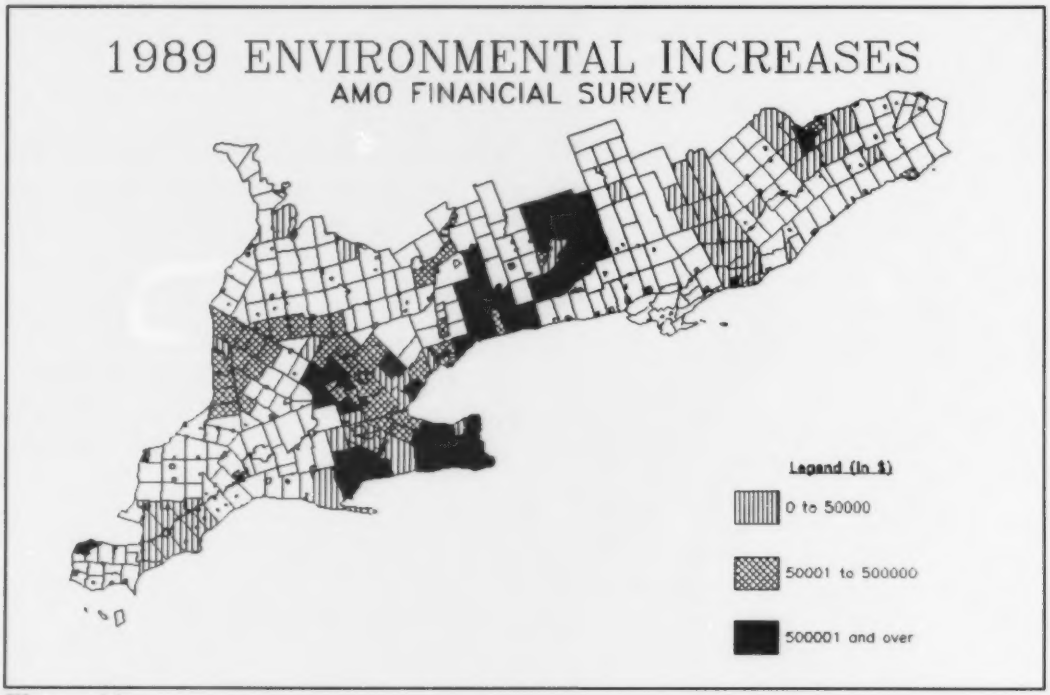


Figure 11
Reported 1988 Environmental Increases - Page 4

Mean	291944.114	**Median**	34550.000	**Mode**	.000
Minimum	.000	**Maximum**	3351000.00	**Sum**	25691082.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	.000	30.00	7500.000
40.00	19200.000	50.00	34550.000	60.00	88280.000
70.00	168696.000	80.00	477200.000	90.00	847050.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	9198400	1314057.14	7
	City	13326500	459534.48	29
	County	881930	125990.00	7
	Town	1573351	87408.39	18
	Township	706401	32109.14	22
	Village	4500	900.00	5

The total program growth in 1989 was approximately twenty six million dollars, with an average increase of about $300,000 to each municipality. Environmental programs, when compared to the other programs in the survey, tend to be more expensive (tabled summary, page 35).

Environmental program growth followed a steady pattern down the regional hierarchy - the larger urban areas had higher costs and each successive level down had a significant decrease in program cost (tabled summary, page 35).

Figure eleven (page 35) displays how the increases were highest in the south-central Ontario hub area. Peterborough, Oshawa, Lindsay, Scarborough, Kitchener-Waterloo, Niagara and Haldimand also report high program costs. The remainder of southern Ontario area report moderate costs, excluding Brantford and Burlington/ Milton areas which report low costs.

The scaled data in the Appendices indicates that all the regional forms experience the same impact due to environmental program increases. In most municipalities environmental program costs fell between 11% to 18% of the budgets. Cities and villages were significantly lower, with only 6% of the municipal cities budget used for environmental programs, and 1% of the village budget.

8.3 Projected 1990 Environmental Program Increases

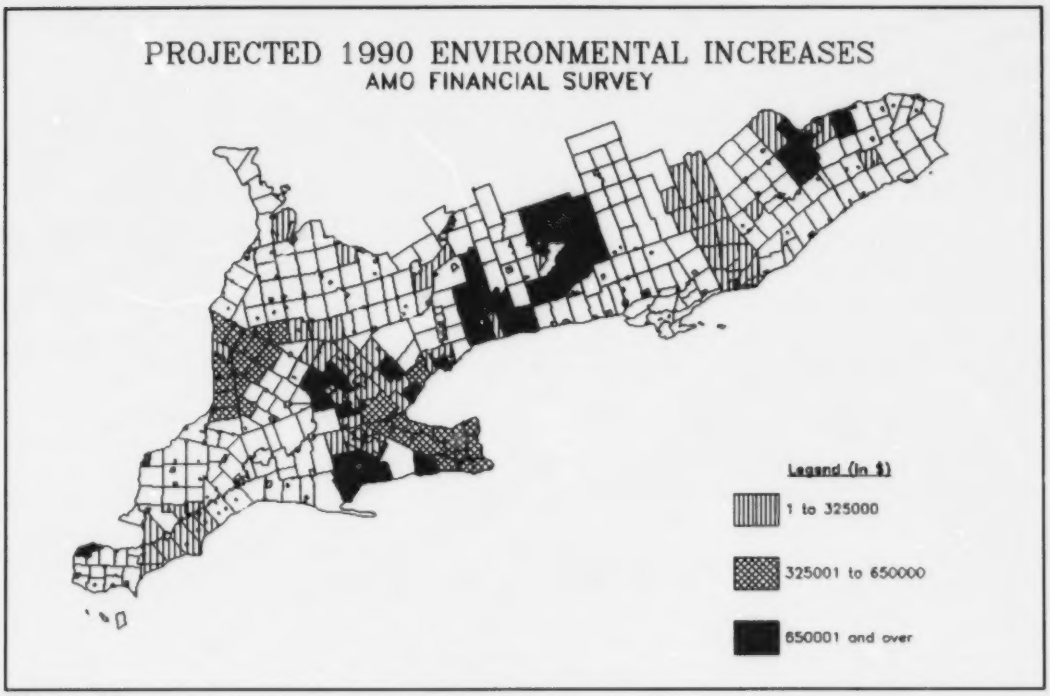


Figure 12
Reported 1989 Estimated Environmental Increases - Page 9

Mean	529895.455	**Median**	57500.000	**Mode**	.000
Minimum	.000	**Maximum**	10635000.0	**Sum**	46630800.0

Percentile	**Value**	**Percentile**	**Value**	**Percentile**	**Value**
10.00	.000	20.00	400.000	30.00	14050.000
40.00	24200.000	50.00	57500.000	60.00	136720.000
70.00	284400.000	80.00	537560.000	90.00	1555160.000

Analysis by Regions	**Geography**	**Sum**	**Mean**	**Cases**
	Region	23466800	3352400.0	7
	City	15410600	531400.0	29
	County	1326500	189500.0	7
	Town	5543300	307961.1	18
	Township	877100	39868.2	22
	Village	6500	1300.0	5

The projected 1990 environmental program costs total $47 million, with an average cost of $500,000. The pattern of projected costs changes from one where costs increase proportionally to government level, to one where towns project they will pay substantially more than counties (tabled summary, page 37).

In the spatial analysis (Figure 12, page 37), areas east of Toronto are projecting higher environmental program increases than those to the west. The Oshawa, Lindsay, Peterborough and Ottawa areas are all expecting to pay over $650,000. The remainder of the eastern areas are expecting to pay costs under $325,000.

Projected environmental program increases range between $325,000 to $650,000 in the urban areas of south-western Ontario. Exceptions are expected to be the areas in Wellington county (Fergus and Guelph for example), and Brant county (Brantford) which are predicted lower program costs. Haldimand proper, the Milton area and Sarnia are expecting to pay costs of over $650,000.

9. SUMMARY AND CLOSING REMARKS

The following table compares the differences in budgets, total and provincial cost increases, and the effect on and of the mill rate. It is followed by an outline the differences in the key variables as originally defined by AMO.

BUDGET/INCREASE VARIATES

	Regions	Cities	Counties
Budget 1988	208,103,268.000	94,468,405.900	10,759,689.300
Budget 1989	264,134,643.000	103,764,940.000	11,465,415.700
Percent Inc.	1.3%	1.1%	1.1%
Prov Policies	6,499,811.400	2,257,929.220	508,531.143
Total Cost	6,771,676.170	2,264,505.170	508,531.143
Per Cap Cost	2.73	0.45	0.71
Ave. Mill Assess	5,933.333	7,290.414	35,910.000
Hhold Impact	67.910	37.223	23.140

	Towns	Townships	Villages
Budget 1988	15,454,730.100	2,434,735.330	1,131,110.400
Budget 1989	11,599,459.800	2,708,535.430	1,257,943.600
Percent Inc.	0.8%	1.1%	1.1%
Prov Policies	443,381.167	84,647.191	25,677.750
Total Cost	443,353.389	91,749.714	23,733.400
Per Cap Cost	0.66	0.93	0.19
Ave. Mill Assess	11,588.056	14,330.000	4,609.800
Hhold Impact	57.354	31.138	44.073

Budget increases from 1988 to 1989 appear stable at approximately 1.1% for each level of municipal government. A higher than average increase (1.3%) is displayed at the regional level. This increase may in part be due to the fact that total costs at the regional level are higher than at any other level of municipal government. On the other side of the continuum, towns actually experienced a decrease in their budgets by 20%.

The per capita increase figure divides the total cost increase incurred by each municipal subregion by population. The resulting figure provides an estimate of living expense for each subregion. Ranked from lowest to highest, the per capita distribution (in dollars) is as follows:

* Villages	0.19
Cities	0.46
Towns	0.66
Counties	0.71
Townships	0.93
* Regions	2.73

This analysis provides some interesting results. At least in terms of per capita increases in the cost of living is lowest in villages. Only nineteen cents of each person dollar is used by the municipality to cover municipal increases. Regions on the other hand, require more from each individual ($2.73). In fact, regions are almost 3 times more costly than the cities and 14 times more costly than the villages. Clearly the regions have incurred the expense of many programs and support mechanisms not available at any other level of municipal government.

Another indication of cost and policy impact is the impact per household (seen as the average assessment multiplied by the mill rate). Whereas the per capita cost increase analysis shows the net effect per person, the mill rate shows the net effect per household. Household impact is listed below:

* Counties	23.140
Townships	31.138
Cities	37.223
Villages	44.073
Towns	57.354
* Regions	67.910

As indicated above, the regions have incurred the bulk of the financial burden. In turn, the regions have passed this expense onto its residents.

It is interesting to note the level of impact the mill rate has on towns. In the case of regions, a higher budget increase may over time, relieve some of the financial impact on behalf of the residents. Towns on the other hand, face a more critical situation. In towns the household impact is high while municipal budgets tend to be declining, perhaps indicating a greater financial burden.

Counties have the least impact in terms of the mill rate. This confirms that in counties the net per capita effect is only moderate.

9.1 Summary

The sample collected on behalf of AMO is generally representative of the total population base of Ontario. The sampled population totalled near 9.0 million persons, close to the 1986 census population for Ontario of 9.1 million. Since this is a ten percent sample, the total sample population is very high, indicating that there is likely an urban bias. Regardless of this fact, the sample distribution when cross tabulated at the municipal government level, follows the overall provincial population distribution with the majority of its population located in key urban area's (regional municipalities and cities).

The villages only reported seven completed surveys. This is proportionally low to the number of villages (as municipalities) across the province. Regional municipalities also reported seven completed surveys. These seven surveys represent an over sampling of the larger urban areas. The over sampling of urban areas is however, generally representative of Ontario since most of Ontario's nine million people live in the major urban centres.

Of the programs discussed in the survey, environmental programs were found to be allocated the greatest portion of civic budgets. Revenue loss was also shown to require substantial budget allocations. When combining the revenue loss components (grant program at 5% with grant program formula basis and road grants flatlined), revenue loss was found to be of greatest consequence.

The calculation of both environmental programs and revenue loss is subject to a high incidence of double counting, which is reflected by seemingly large budget allocations.

The aggregate program costs are listed below. Both the current and projected costs are listed. In most cases, projected costs are identical to current costs however, some programs showed significant difference (the environment for example). For clarity, the projected figures are listed with asterics beside the total budget figures.

Program	Average	Total	
1989 Prov Budget	9663.20500	850362	
1989 Fed Budget	42951.40900	3779724	
Social Services	117726.62500	10359943	
1988 Prov Budget	124102.53400	10921023	
89-90 Prov. Budget	129451.43200	11391726	*
1989 Fed. Budget	160478.72700	14122128	*
Labour Relations	174122.72700	15322800	
Social Services	236092.48900	20776139	*
Labour Relations	246566.59100	21697860	*
Environment 1988	291944.11400	25691082	
Revenue loss	479028.64800	42154521	
Environment 1989	529895.45500	46630800	*

From the list above, it appears that the current provincial - municipal policies had been developed to stress environmental issues, labour relation programs and to lesser degree, social service programs.

Provincial budget programs were found to be significant ($11 million), with upcoming increases perceived to be steady ($11.4 million). Federal budget programs had shown the greatest variation with the current federal program costs tabled at $3.8 million, and expected to increase to $14 million.

Indeed, it would appear that the municipal programs will now be forced to accommodate the high cost of the federal programs. This will be done at the expense of other services municipalities currently offered. Services disrupted will probably vary from municipality to municipality, however, in the current political framework, most programs will remain intact with social service policies experiencing cutbacks.

9.2 Remarks

The survey has been a success. It had clearly fulfilled its objective of providing data and information regarding the impact of federal and provincial policies and programs on municipal budgets and program development.

The geographic analysis has provided important information as to the varying effects of the provincial and federal policies on each type of municipal government. As shown, each program has a unique regional response.

Mapping the response shows the effect of proximity to urban centres. Clearly the market influence of the regional centres of Toronto, Hamilton and Ottawa had an effect on the surrounding market areas. In most cases, the geographic distributions of costs and impact followed the socio-ecological models of Burgess, Hoyt and Johnston. Each map clearly showed some sort of zonal or sectoral patterning near the urban core.

As proximity to urban centres has been shown to have an effect on costs and program development, what is more important are those cases where the costs are abnormally larger, or smaller than the expected.

The survey has indicated that the natural trend of program increases and budget allocations were greater in the regional municipalities and decreased steadily to the townships and villages. The natural trend therefore is a distance decay where municipal monies are concentrated in the urban CBD's and steadily decrease to the rural areas. A sorted list of municipal governments, from highest to lowest program/budget allocations would be;

* Regional Municipality
* City
* County
* Town
* Township
* Village

Several anomalies where uncovered through the survey. Only five of the major anomalies will be discussed. The anomalies are listed in the order as they appear in the survey.

- **Anomaly #1:** In the case of the 1989 Provincial Budget (page 8), towns reported substantially greater average increases than did counties. Since this program is primarily comprised of gasoline and sales tax, any significant increase (or decrease) in these taxes will have a profound effect on the town budget.

- **Anomaly #2:** The survey analysis indicated that the 1989 Federal Budget (pages 13 & 14) had a substantially greater average increase in cities than any other level of municipal government. Indeed, the average increase for the cities was over $100,000, $30,000 greater than that of the regional municipalities. As in the case of anomaly #1, this program is comprised of gasoline and sales tax increase. Any significant increase or decrease in either of these taxes will have a profound effect on the city budget.

- **Anomaly #3:** The tabled data of Estimated 1990 Federal Budgets Increase indicated no deviation from the distance decay model. However, figure six (page 16) shows interesting geographic results with the Haldimand-Norfolk and Peterborough areas displaying lower increases than anticipated by all other municipalities. The Ottawa area also shows lower results than expected. It appears that these municipalities have planned ahead for the new federal tax structures, and feel a reduced net effect when compared to most other municipalities.

- **Anomaly #4:** In the case of estimated 1990 Social Service Programs, the expected pattern of increase allocation exists. What is unusual is that regional municipalities incurred average increases almost five times greater than cities. The deviation in this case is the impact of these programs on the regional municipalities when compared to all other municipalities.

- **Anomaly #5:** Estimated environmental increase had been reported to be greater in towns than in counties (page 37). The difference is quite profound where the average county increase is only 60% of reported town increase. Since environmental programs are quite costly when compared to all others studied, variations from expected patterns are perceived to be important.

The study of anomalies is important since it may reveal new policy requirements on behalf of the municipalities to cope with the unusual situation. Towns for example, may be forced to redistribute program budgets to account for estimated environmental costs. Thus, close scrutiny of the tabled information in the report is suggested.

Double counting is another methological problem that had occurred in the structure of the survey. For example, many of the environmental programs had overlapping program costs. Waste Master Planning is an activity which falls under the EA Act, as is landfilling. Landfilling and to a lesser extent recycling are activities which may fall under Waste Master Planning. Hence, the reported costs may be inflated due to double counting, or costs may be left out of one program in order to be included in another.

Finally, there must be a coding scheme designed to help determine which municipalities have experienced a high degree of effect from federal/provincial programming. This can be developed by AMO or the research company contracted by AMO to carry out the survey.

Stratification of effect is important in the development of budgetary profiles, much in the same fashion as the regional tables were developed. The stratification will aid in determining program effectiveness, and use of current regional budget allocation.

9.3 AMO 1990 Financial Survey

In order to enhance productivity, a new and improved survey for 1990 data has been designed to:

- make the survey easier to understand
- make the survey easier and quicker to fill out
- reduce the degree of double counting
- introduce more categorical variables in-order to provide better tabular results
- introduce a long range, dynamic survey structure to be used for the next 2-5 years
- produce a visually more appealing document

A number of the programs listed were found not to be of any significance. Therefore many of the programs have been combined to facilitate a quicker response, and also less research time required by those filling out the survey.

This is particularly evident in the social services programs, transportation programs, health programs and planning/ administration programs. For the most part, these questions were not answered. However, aggregating the data often did increase the level of response. Collapsing the mentioned program survey questions will increase data quality, decrease research time and the length of time required to answer the survey.

The results which can be derived from the modified survey will enable both AMO and participating municipalities to view effects based on:

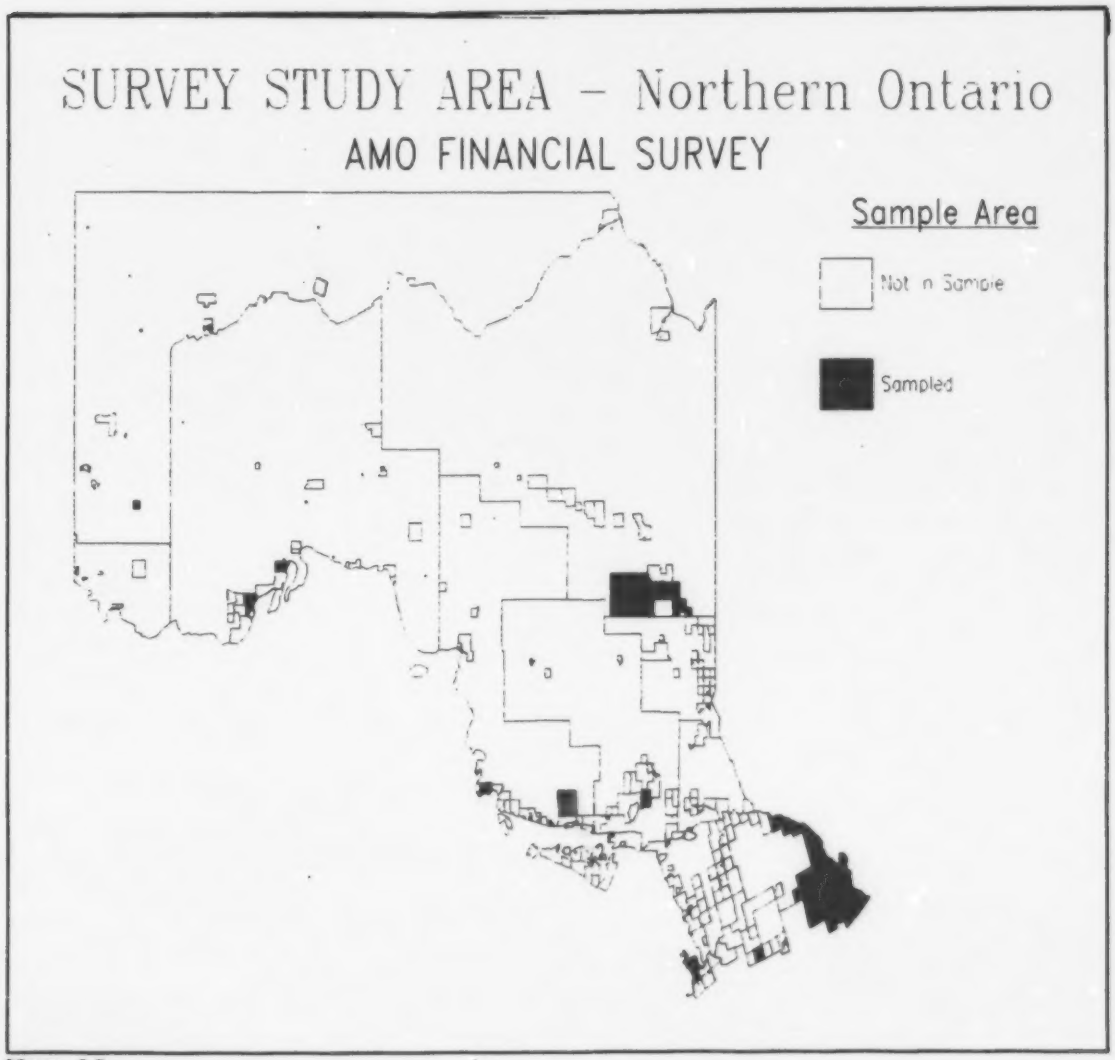
- size of municipality (regional categorizations)
- impact (of federal/provincial programs & taxes)
- budget (size of current/expected budget) [This can be viewed as categories which determine the ability to service the municipal population adequately.]

The results will allow AMO to analyze current municipal trends in planning and policy formulation. Published results will facilitate municipal development or alteration of current program and policy directions.

APPENDIX A

STUDY AREA

In May of 1989, AMO delivered a survey to 700 Ontario municipalities in order to better understand the effect of recent provincial and federal programs on the municipal budget. The response rate was near 10%, with 88 municipalities responding. Spatially, the geographic area covered by the respondents was substantial comprising most of the densely populated areas of the province.



Map 1A
Northern Ontario Study Area

Map 1B
Southern Ontario Study Area

APPENDIX B

1989 AMO FINANCIAL SURVEY FORM

PROGRAM EXPLANATORY NOTES

This appendix provides a brief line-by-line description of the information requested in this survey. We recognize that due to the differences in municipal structures and responsibilities, not all functions may apply to your municipality. Please complete those areas which relate to your situation.

If you have any questions regarding the content or intent of this survey, please do not hesitate to contact the policy staff at the AMO Office.

GENERAL REVENUES

- **1989 Revenue Losses**
  - Unconditional grant - two methods of calculation are requested: one using a straight 5% inflation level and one using the formula if the program had received an increase.
  - Roads assistance program - subsidy shortfall from 1989 flatlining.

- **1988-89 Provincial Budget**
  - Increase in Retail sales tax from 7% to 8%
  - Gasoline tax rates increased to 9.3 cents per litre

- **1989-90 Provincial Budget**

  - An immediate 1 cent per litre tax increase on diesel fuel
  - $5 tax for new pneumatic tires effective June 1, 1989
  - Removal of sales tax exemption for pesticides and fertilizers, effective June 1, 1989
  - Employer health levy (a payroll tax) as a substitute for OHIP payments, effective January 1, 1990.
  - A 1 cent per litre fuel tax increase effective January 1, 1990.
  - Motor vehicle license fees increased effective August 1, 1989:

    - from $54 to $66 for Southern Ontario
    - from $27 to $33 for Northern Ontario

    Effective December 1, 1989 for the Greater Toronto Area:

    - from $66 to $90

- **1989-90 Federal Budget**

  - Gasoline tax increases of 1 cent per litre effective April 28, 1989 and another 1 cent per litre effective January 1, 1990.
  - Federal sales tax increases of 1% for telecommunications effective June 1, 1989 and on construction materials effective January 1, 1990. The federal sales tax rate on other taxable goods increased by 1.5% effective June 1, 1989.
  - Unemployment Insurance payments will be fully financed by employer and employee premiums effective January 1, 1990.

- **Labour Relations**

  - Pay Equity:

    - include costs of consultants etc. in development of plan plus salary adjustments for 1989, 1990.

- OMERS

  - inclusion of part-time employees in OMERS

- WHMIS

  - budget items for training, data collection and the computerized information system

- Firefighters Turn-out Gear

  - revisions to regulations regarding firefighters turn-out gear. Estimate costs for 1989, including reserves for future expenses

- Bill 208 - An Act to amend the Occupational Health & Safety Act is presently in the Provincial Legislature. When enacted it will have a financial impact, e.g. establishing health & safety committees, paid time-off, etc.

- Bill 162 - Workers Compensation Act - presently in the Provincial Legislature. The new legislation will require employees to have "long term modified work programs" for employees injured on the job. Employers could also be subject to penalties if unable to provide "modified work" as ordered by the WCB.

♦ **Transportation**

- Air Brake Certification

  - training and certification costs of all employees who operate equipment with air brakes

- Disabled Transit

  - the eligibility guidelines for special transit have been revised to expand ridership to those "physically unable to climb or descend steps used on conventional public transit facilities or walk a distance of 175 metres. Municipalities are being encouraged to phase in the "expanded" guideline now but all municipalities must fully implement the guideline by January 1, 1991.

- **Social Services**

  - Income Maintenance

    - calculation of the impact on 1989 municipal budget of GWA rate increases of 1988 and 1989 and the "spouse in the house" ruling.

    - calculation of the phases of Social Assistance Reform as announced by the Minister of Community and Social Services on May 18, 1989.

  - New Community Support Programs

    - municipal contribution to any new community based programs, ie. seniors support, access to permanent housing committees, etc.

  - Day Care

    - increase in municipal cost-sharing contribution

    - municipal contributions required to off-set provincial funding shortfalls

  - Homes for the Aged

    - In February 1989 the Minister of Community and Social Services announced that extended care per diems in municipal homes for the aged would be based on the 1988 actual per diem plus a 4% inflationary increase.

- **Environment**

  - MISA

    - increases in 1989 operating budget for MISA requirements

    - capital reserves for future MISA requirements e.g. equipment, plant

  - Disposal of Road Sweepings (Environmental Protection Act)

    - requirement to dispose of road clean-up material in certified waste disposal sites

    - costs for disposal (i.e. tipping fees)

- Gas Storage Tanks Regulation (Ministry of the Environment)
  - regulatory change requiring replacement gas tanks by 1990
- Notification of Spraying Programs
  - regulatory change which is in process at the Ministry of Environment will require notification, posting and signage of pesticide spraying on all public lands.
- Waste Management Master Plan
  - environmental assessment/master plan project cases
- Landfill Sites
  - capital and operating costs resulting from revised Regulation 309
- Environmental Assessment Project Costs
  - project, consultant, and legal costs for 1989
- Recycling
  - costs for start-up or expansion of recycling programs
  - any "heightened" promotion of recycling initiatives as urged by the Ministry of the Environment.

♦ **Health**

- Hospital Contributions
  - local contribution to hospital capital fund for expansions
- Core Public Health Programs
  - revisions to Health Protection and Promotion Act re: "core" programs ie. dental program during 1988-1989
  - Administrative and financial impact of the revised guidelines for mandatory "core" health programs of local boards of health.

- **Planning/Housing**
  - Housing Policy Statement Implementation Costs
    - planning staff, consultant costs for implementation of "draft" Housing Policy Statement

Planning/Administration

- Municipal Assistance to Non-profit Housing
- Residential Rental Standards Board
  - administration of work orders etc.
- Rental Housing Protection Act
  - administration of requirements

- **Police**
  - Court Security
    - Bill 187, An Act to amend certain acts re. Policy and Sheriffs, will require municipalities to provide police for court security
  - Provincial Offenses
    - enforcement of parking violations by municipal by-law enforcement officers.

APPENDIX C

1989 AMO FINANCIAL SURVEY FORM

Part 1 - Impact on 1989 Municipal Budget

NAME OF MUNICIPALITY _____

COMPLETION DATE OF SURVEY _____

See Appendix B for program explanatory notes.

GENERAL REVENUES

- Revenue Loss
  - Unconditional grant program @ _____
    and
  - Unconditional grants program @ formula basis _____
  - Roads grant flatlined _____
- 1988 Provincial Budget
  - Sales Tax Increases (April 1988) _____
  - Gas Tax Increases (April 1988) _____
- 1989 Provincial Budget
  - Fuel Tax Increases (May 1989) _____
  - $5 Tire Tax _____
  - Removal of sales tax exemption for pesticides and fertilizers _____
  - Motor vehicle license increases _____
  - Other _____

- 1989 Federal Budget
  - Gasoline Tax Increases (April 1989) _____
  - Federal Sales Tax Rate Increase (June 1989) _____
  - Other _____
- Labour Relations
  - Pay Equity (development of plan and salary adjustments) _____
  - OMERS Pension for Part-time Employees _____
  - WHMIS (Training and computerization) _____
  - Firefighter's Turn-out Gear _____
- Transportation
  - Air Brake Certification _____
  - Disabled Transit (revised eligibility standards) _____
- Social Services
  - GWA Rate Increases (1988 and 1989 changes) _____
  - "Spouse in-house" ruling _____
  - New community support programs _____
  - Day Care (provincial shortfalls) _____
  - Homes for the Aged, cap on funding _____
  - 1989 Social Assistance Reforms _____
- Environment
  - MISA:
    - 1989 budget _____
    - capital reserves for future _____
  - Disposal of road sweepings _____

- Gas storage tanks regulation _____
- Waste Management Master Plan _____
- Landfill Site (Regulation 309) _____
- Environmental Assessment Project Costs _____
- Recycling _____

♦ Health

- Hospital contributions:
  - Report cash contribution - if debentured report annual interest and principal payment _____
- Core Public Health Programs _____

♦ Planning/Housing

- Housing Policy Statement implementation costs _____

♦ Planning Administration

- Municipal assistance for non-profit housing organizations _____
- Residential Rental Standards Board _____
- Rental Housing Protection Act _____

♦ Police

- Provincial Offenses - parking violations _____

- Other Programs/Policies (please list)

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TOTAL COST OF PROVINCIAL POLICIES IN 1989 _____

PART 1 - SUMMARY INFORMATION

Total Municipal Budget

- 1988 _____
- 1989 _____

Total Cost of Federal and Provincial Policies _____

Cost as % of 1989 Municipal Budget _____

Municipal inflation rate (1988-1989) _____

Total impact on Net Municipal Levy, 1989 _____

1989 Mill Rate

- Mills _____
- % over 1988 _____

Average Assessment, 1989 _____

Impact per Household, 1989
(average assessment x mill rate) _____

MUNICIPAL COUNCIL DECISIONS IMPACTING 1989 MILL RATE

- Target of certain % increase _____
- Program cuts, projects deferred _____
- Debt management policies _____
- User fees, lot levies _____
- Others _____

1989 AMO FINANCIAL SURVEY FORM

Part 2 - Impact on 1990 Municipal Budget Projections

NAME OF MUNICIPALITY _____

COMPLETION DATE OF SURVEY _____

See Appendix B for program explanatory notes.

GENERAL REVENUES

- Unconditional Grants
  - Revenue from Unconditional Grants

    Program @ existing formula*

    * assume that program dollars will be "constrained" with the existing formula in place.
  - Revenue from Unconditional Grant Program with new formula*

    * assume that program dollars will be "constrained" and that legislation will be introduced to revise the formula.

    - *Defer*

      Photocopy this and when the Unconditional Grant Act amendments are introduced in the Legislature, please complete calculation and forward to AMO.
- 1989-90 Provincial Budget
  - Fuel tax increases _____
  - $5 tire tax _____
  - Removal of sales tax exemption changes for pesticides and fertilizers _____
  - Motor vehicle licence increases _____
  - Increases from employer health levy _____
  - Other _____

- 1989 Federal Budget
  - Gasoline tax increases (April 1989 & Jan. 1990) _____
  - Federal sales tax increases (June 1989 & Jan. 1990) _____
  - UIC payments fully employer/employee funded _____
  - Other _____
- Labour Relations
  - Pay Equity (plan & salary adjustments) _____
  - OMERS pension for part-time employees _____
  - WHMIS (training) _____
  - Firefighter's Turn-out Gear _____
  - Bill 162 Workers Compensation _____
  - Bill 208 Occupational Health & Safety
    - committees, training, paid time off etc. _____
  - Other _____
- Transportation
  - Air brake certification _____
  - Disabled transit/revised eligibility _____
- Social Services
  - 1990 Social Assistance Reforms _____
  - Community Support initiatives _____
  - Childcare (additional municipal contributions) _____
  - Homes for the Aged (from Provincial shortfalls) _____

- Environment
  - MISA
    - 1990 Budget plans _____
    - capital reserves for future _____
  - Disposal of road sweepings _____
  - Gas storage tanks regulation _____
  - Regulation 751 Pesticides Act re: notice & signage _____
  - Waste Management Master Plan _____
  - Landfill Site (Regulation 309) _____
  - Environmental Assessment Project Costs _____
  - Recycling _____
- Health
  - Hospital contributions (projected)
    - Report cash contribution - if debentured report annual interest and principal payment _____
  - Revised guidelines for core Public Health programs
    - dollar impact _____
    - any increase in staffing _____
- Planning/Housing
  - Housing Policy Statement implementation costs _____
- Planning Administration
  - Municipal assistance for non-profit housing organizations _____
  - Residential Rental Standards Board _____
  - Rental Housing Protection Act _____

- Police
  - Provincial offenses - parking violations _____
  - Bill 187 - Court security _____
  - Other _____
- Other Programs/Policies (please list)

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TOTAL PROJECTED COSTS FOR 1990 _____

PART 2 - SUMMARY INFORMATION

Total Municipal Budget

- 1989 _____
- 1990 Projected _____

Total Projected Costs for Federal and Provincial Programs, 1990 _____

Additional Costs as % of 1989 budget _____

Anticipated "normal" inflation rate _____

Total possible levy impact, 1990 _____

1990 Mill rate _____

- Mills _____
- % over 1989 _____

Average Assessment, 1990 (projections) _____

Impact per Household, 1990
(average assessment x mill rate) _____

APPENDIX D

1989 AMO SURVEY PARTICIPANTS

Code	Municipalities	Household Population
001	Town of Orangeville	5,339
002	Town of Kincardine	1,358
003	Village of Paisley	423
004	County of Frontenac	54,841
005	City of Kingston	26,538
006	Town of Durham	1,029
007	Township of Keppel	1,630
008	Township of Snowdon	747
009	Town of Limerick	485
010	County of Huron	24,037
011	Township of Colbourne	1,051
012	County of Kent	40,915
013	City of Chatham	16,261
014	Village of Thamesville	392
015	Township of Chatham	2,450
016	County of Brant	38,643
017	City of Windsor	76,958
018	Town of Leamington	4,928
019	Village of St. Clair Beach	1,030
020	City of Sarnia	20,449
021	Village of Lanark	314
022	Township of North Burgess	1,033
023	City of Brockville	9,047
024	Township of Front of Escott	679
025	Township of Amherst Island	239
026	City of Woodstock	10,463
027	Town of Strathroy	3,432
028	Town of Cobourg	5,313
029	Village of Hastings	496
030	Town of Elliot Lake	6,610
031	Town of Mitchell	1,228
032	County of Peterborough	52,912
033	City of Peterborough	25,343
034	Township of Ennismore	1,748
035	Township of Smith	4,048
036	Town of Rockland	1,754
037	County of Renfrew	39,552
038	City of Pembroke	5,649
039	Town of Renfrew	3,376
040	Township of Head and Maria	288
041	Town of Alliston	2,014
042	Town of Penetanguishene	2,120
043	Township of Innisfil	7,750
044	Township of Tiny	7,685
045	City of Cornwall	18,256

Code	Municipalities	Household Population
046	Township of Finch	182
047	Town of Lindsay	6,549
048	County of Wellington	53,627
049	Township of Maryborough	1,072
050	Region of Durham	122,056
051	City of Oshawa	45,578
052	Town of Haldimand	7,189
053	Township of Norfolk	4,519
054	Region of Halton	97,825
055	City of Burlington	43,298
056	Region of Niagara	145,426
057	City of St. Catharines	48,785
058	City of Sudbury	36,180
059	Town of Richmond Hill	18,550
060	City of Gloucester	31,237
061	City of Ottawa	139,623
062	City of Nepean	34,557
063	Township of Osgoode	3899
064	Township of West Carleton	4,950
065	Region of Waterloo	125,904
066	City of Cambridge	29,124
067	City of Kitchener	59,134
068	City of Waterloo	24,467
069	Town of Milton	9,884
070	Town of Fort Frances	3,566
071	City of Belleville	15,465
072	Region of Haldimand-Norfolk	36,800
073	City of Thunder Bay	43,314
074	Township of Collingwood	5,616
075	Region of Hamilton-Wentworth	166,115
076	Region of Ottawa-Carleton	250,881
077	City of Sault Ste. Marie	30,116
078	Township of Black River-Matheson	1,392
079	City of Timmins	17,684
080	Township of Ignace	974
081	Township of Chapleau	1,171
082	Township of Dorion	198
083	City of Toronto	278,622
084	City of Scarborough	166,360
085	City of North York	202,598
086	City of Etobicoke	113,910
087	City of York	55,533
088	City of Mississauga	129,882

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